

CHAPTER VIII  
ACCOUNTING  
POSTING RECORDS - SETTLEMENT WITH THE COUNTY -  
CLOSING THE BOOKS - RECONCILING DEPOSITORY BALANCES

RECONCILING CASH WITH RECEIPTS AT THE CLOSE OF THE DAY

As soon as the office is closed for the transaction of the daily business, the clerk should verify the cash on hand with the receipts for the day. All receipts should be totaled including marriage licenses, fish and game licenses and support. The cash in the drawer must equal the total of the receipts for the day plus any money placed in the drawer for change at the beginning of the day and less any amount that may have been deposited during the day. If there is a difference, an effort should be made to review the day's transactions and attempt to correct whatever difference exists. If the difference cannot be accounted for, the amount should be shown as long or short. Any existing difference must be posted to the cash book and daily balance record in the space provided for that purpose.

POSTING THE CASH BOOK OF RECEIPTS AND DISBURSEMENTS (FORM 27A)

RECEIPTS

After reconciling the cash with the daily receipts, the transactions are to be posted to the cash book of receipts and disbursements.

Entries to the receipt side of the cash book of receipts and disbursements are to be made from the duplicate receipts in numerical order. Postings should begin with the date of the transaction, the cause number and record reference wherein the transaction was entered, from whom received and for what purpose. The total amount received must be entered in the total column of the cash book of receipts and disbursements extending the various items to the proper columns and under the appropriate headings. The distribution to the proper columns will be the same as shown on the receipt.

Fish and game licenses may be entered in a total amount. If entered in total, the beginning and ending number of the licenses should be shown together with the actual number issued and the fee for each license; e.g., "10 resident Hunting Licenses \$8.75 each, 1-10 incl., \$87.50."

The net amount due the Department of Natural Resources is to be entered in the column "Trust Funds." The fees accruing to the county for issuing such licenses are to be entered as fees payable to the county in the column "Miscellaneous Fees." At the end of the month the amount to be paid to the Department of Natural Resources will be the total shown as due to the Department of Natural Resources in the trust register.

Support may be entered in total. Daily totals for posting should be taken from ISETS.

Marriage licenses may be entered in total if the total number issued and the beginning and ending pages of the record are shown.

## DISBURSEMENTS

Disbursing entries will be made from remittance slips or from the duplicate checks.

Checks should be printed so that the record reference may be shown thereon, the title of the cause and the purpose of the check. If remittance slips are used, they should be so printed as to give the same information.

Entries to the disbursements side of the cash book of receipts and disbursements should be entered in the same manner as receipts are entered. Disbursements should be entered in numerical order showing the check number, record reference, to whom and purpose for which the check was issued. The amount of the check should be entered in the total disbursements column and the distribution extended to the appropriate column.

## ADD COLUMNS - PROVE TOTALS

After all receipts and disbursements have been properly entered, add each column and enter a neat penciled footing immediately under the line of the last posting entry of each day's business. Prove the totals crosswise. The total of all receipts and disbursements must equal the amount shown as the total in the TOTAL COLUMN for receipts and disbursements. If this does not prove, an error has been made and you must retrace your work. It is much easier to detect errors on a daily basis than to wait until the end of the month.

Reconcile cash receipts daily and make complete daily postings to the cash book regardless of how few transactions you have had.

When postings have filled a cash book page, prove the totals of receipts and disbursements crosswise before forwarding the amounts to the next page. The totals should be cumulative to the end of the month at which time the regular monthly report to the auditor and settlement with the treasurer will be made.

The penciled footings made at the close of each day's postings are not to be cumulative but are to apply only to the business of that particular day.

## POSTING ITEMS OF TRUST

When items of trust have been posted to the trust column of the cash book, the clerk must automatically realize that a like amount must be posted in the Register of Fees and Funds Held in Trust and in the name of the person for whom it is intended. There is no better time to make the posting to the trust register than at the time the amount is entered in the trust column of the cash book. Upon posting the item of the register, indicate such posting by making a neat check mark following the amount entered in the trust column of the cash book. This is your notice that you have made the proper entry. It is also a convenient identification if the trust register is not in balance with the cash book at the end of the month, particularly if the register appears to be short. A quick glance at the trust column of the cash book may reveal an item not checked which may indicate you omitted the posting. That amount may perhaps be the difference.

## CLERK'S CASH BOOK AND DAILY BALANCE RECORD (FORM 46)

After the cash for the day has been verified, checks have been written, the cash book has been posted and proved, and all trust items properly entered in the trust fund register, the clerk is ready to post the daily balance record.

Like the Cash Book, this record must be posted daily. It is an important record and of much value to the clerk. Those who do not use it usually experience some difficulty. This record represents a summary of the Cash Book by totals and is divided into two sections.

The first, or top section, represents the Cash Book. The second section represents each depository account and the cash drawer or cash in the office at the close of the day.

### CASH BOOK SUMMARY SECTION

In the top section of the Cash Book and Daily Balance Record, the column headed "Beginning Balance" will show the balance of fines, fees and costs on hand at the beginning of the day; the second and third columns show the receipts and disbursements during the day as taken from the Cash Book of Receipts and Disbursements; and the fourth column shows the balance at the end of the day. Each of these columns should be totaled and the total shown on the "Totals" line. The total of the beginning balances, plus the total of the receipts during the day, less the disbursements for the day, should equal the total ending balances.

The amounts in the "Ending Balance" column should be carried forward to the "Beginning Balance" column for the following business day.

### DAILY CASH RECONCILEMENT SECTION

The first column will show the depository balance at the beginning of the day; the second column will show the deposits during the day; the third column will show the checks issued during the day and the fourth column the depository balance at the close of the day. The beginning depository balance, plus the deposits, less the checks issued should equal the closing depository balance.

Investments on hand at the beginning of the day should be entered in the first column; any investments purchased in the second column; any investments sold in the third; and the investments on hand at the close of the day in the fourth column.

The beginning and ending balance columns and the deposit and checks issued columns should be added and the sum entered on the "Total" line. The total in the beginning depository balance column, plus the total in the deposits column, less the total in the checks issued column must equal the total in the closing depository column.

Cash on hand at the end of the day represents the actual cash in the office at the close of the day's business. If the cash on hand at the close of the day, less the cash change fund, does not balance with the receipts issued for the day, enter on the "Plus Cash Short or Minus Cash Long" line the amount of the overage or shortage. If you are short, add the amount of the shortage to the amount shown on this line at the close of the previous day; and if you are long, subtract the amount of the overage from the previous day's figure. However, the day's work should be retraced and every effort made to locate the errors which caused the shortage or overage.

The depository balance at the close of the day for each bank, plus the investments on hand at the end of the day, plus the cash on hand at the end of the day, plus any cash short or less any cash long must equal the same total as is shown in the ending balance column in the top section of the cash book and daily record.

There is no theory whereby we may agree the clerk is permitted to be short or long in the receipts of daily transactions. We recognize human beings are not infallible and that errors will occur. If the difference exists, a diligent attempt should be made by all persons who have handled each transaction to detect the error and complete an accurate reconciliation for each day's business. If it is impossible to detect the error, the difference must be accounted for in the manner heretofore explained.

We do not recommend that the clerk take out the overages and contribute the shortage in daily receipts. An accounting must be made of the difference and carried until an examination is made of the office. Such difference will no doubt be detected by the examiners and proper adjustments made at that time.

### DEPOSITING RECEIPTS

IC 5-13-6-1(c) governs the deposit of public funds. The clerk shall deposit funds not later than the business day following the receipt of the funds in the depository or depositories selected by the board of finance. Public funds deposited under this subsection shall be deposited in the same form in which they were received.

After completing the posting of the cash book and the daily balance and cash statement form, and all records are in balance, there is no better time to prepare the money for deposit. It may be deposited overnight in a locked safe or vault in the office or in an after hour facility of a designated depository.

The ending balance of the day's business could then be entered as the beginning balances on the next page of the daily balance record for the ensuing day's posting and the clerk will be ready to repeat the procedure for the following day.

### REPORT TO THE AUDITOR AND PAYMENT OF FEES TO THE TREASURER

The law requires the clerk to pay all fees due the county to the treasurer at the end of each month. If the clerk will make an accurate accounting of each day's receipts and follows the foregoing procedure, he or she will experience no difficulty in making the settlement at the end of the month. It will be done with ease and in a minimum of time.

### CLOSING BOOKS AT THE END OF EACH MONTH

On the last day of each month, after all receipts have been posted, total the receipt side of the Cash Book of Receipts and Disbursements. Prove the totals crosswise. Schedule all fees payable to the county. These are listed under the heading "Fees Payable to the County" in the Cash book of Receipts and Disbursements. List the totals of each column on the appropriate line of Report Form No. 362 to be filed with the auditor.

Total the fees listed on the report form and draw a check in favor of the treasurer of the county for all fees to be paid to the treasurer. Post the check to the treasurer to the disbursement side of the Cash Book of Receipts and Disbursements to the total disbursements column and extend the amount to the column headed "Paid to County."

Schedule fees due the Department of Natural Resources for fish and game licenses on the report form furnished by the Fish and Game Division. Write a check for fish and game fees. Post the check to the trust column on the disbursement side of the cash book.

Schedule collections due to any other agency; i.e., city and town fines. Write a check to these various agencies. Post the check to the proper column on the disbursement side of the cash book.

Enter the total of each column of both receipts and disbursements on the line designated for that purpose at the bottom of the cash book page.

Deduct the disbursements from the receipts. Complete the posting of the daily balance record. The balance shown by the cash book must be the same as that shown by the daily balance record.

The record balance should represent the court costs due the state and the trust funds. The balance in the total column of the cash book should equal the balance of the court costs due the state and the trust fund column, and the balance as shown in the daily balance record should likewise agree.

The posting of the payment of all settlement checks should be as of the last day of the month, although it may not be possible to deliver the checks on that day. The quietus from the auditor and other receipts from the payee should be carefully preserved by the clerk.

#### COURT COSTS DUE STATE - SEMIANNUAL SETTLEMENT

The clerk of a circuit court shall semiannually distribute to the State Auditor for deposit in the state general fund seventy percent (70%) of the amount of fees collected under IC 33-37-4-1(a), IC 33-37-4-2(a), IC 33-37-4-3(a), IC 33-37-4-4(a), IC 33-37-4-5(a), IC 33-37-4-6(a), IC 33-37-4-7(a), and IC 33-37-5-17 as the state share. The clerk shall semiannually distribute to the State Auditor for deposit in the state user fee fund established under IC 33-37-9-2: twenty-five percent (25%) of the amount of the fees collected under IC 33-37-4-1(b)(5), IC 33-37-4-1(b)(6), IC 33-37-4-2(b)(4), and IC 33-37-4-3(b)(5); fifty percent (50%) of the amount collected under IC 33-37-4-1(b)(7); and one hundred percent of the fees collected under IC 33-37-4-1(b)(8), IC 33-37-4-1(b)(9), IC 33-37-4-2(b)(5), IC 33-37-5-18 and IC 33-37-5-21. The clerk shall also semiannually distribute to the Auditor of State for deposit in the sexual assault victims assistance fund 100% of the amount collected under IC 33-37-5-23. [IC 33-37-7-1 and IC 33-37-7-2]

On the report form furnished by the Auditor of State, the clerk will transmit the court costs due the state semiannually.

#### RECONCILING THE REGISTER OF FEES AND FUNDS HELD IN TRUST

As soon as possible after the cash book and the daily balance record have been closed for the month, the clerk should reconcile the trust fund register with these two records.

Total all items appearing on hand in the trust fund register. This also must be done as of the last day of the month. The total of these items must equal the balance in the trust fund column of the cash book and in the daily balance record.

If there is a difference, an error has been made. It will behoove you to review the work to detect the error and make the necessary correction. Do not leave the books out of balance. If you have been accurate in posting the records daily and have proved each day's transactions, you will not have any difficulty.

#### RECONCILING THE DEPOSITORY BALANCE WITH THE RECORD BALANCE

At the end of the month, the depository should furnish the clerk with a bank statement showing the depository balance as of the last day of the month and submit all of the canceled checks paid by the bank during the month. The bank statement must not be as of the first day of the succeeding month. Upon receiving the statement and the canceled checks, immediately verify the checks paid by the bank by checking them to the statement. If there has been no error by the bank in posting the checks to the statement, arrange them in numerical order.

Eliminate the outstanding checks paid during the month from the list of the previous month by lining out or checking them off. Prepare a list of the outstanding checks for the current month, starting with the ones still outstanding for the previous month and including those outstanding that were written on the last day of the current month. In listing the outstanding checks show the date, number and amount of each check. Total the list of checks that appear to be outstanding.

The balance as shown by the cash book, plus the total of the outstanding checks, should equal the balance shown by the bank statement, plus cash in the office at the close of business.

All local investment officers shall reconcile at least monthly the balances of public funds, as disclosed by the records of the local officers with the balance statements provided by the respective depositories. [IC 5-13-6-1(1)(c)]

#### EXAMPLE

	<u>Charges</u>	<u>Credits</u>
Balance as shown by cash book	\$ 2,000.00	\$ --
Outstanding checks (from schedule)	1,011.45	--
Depository balance, per statement	--	2,800.00
Cash in office	--	211.45
<b>PROOF</b>	<u><b>\$ 3,011.45</b></u>	<u><b>\$ 3,011.45</b></u>

If no error has been made and you are able to reconcile the depository balance with the record balance, the books have been closed for the month, settlement has been made with the county, and the register of fees and funds held in trust are in balance with the cash book, you may feel proud of a job well done and you are ready to proceed with the business for the ensuing month.

Preserve each bank statement and list of outstanding checks. Repeat the same procedure at the end of each month. Also close books on the last day of the year in the same manner that you have followed each month. Do not let one year overlap into the other.

#### FORM OF SCHEDULE OF OUTSTANDING CHECKS

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Amount</u>
12-31-01	992	Mrs. John Ritter	\$ 25.00
12-31-01	993	Mrs. E. Tournier	25.00
12-31-01	994	Mrs. E. Starver	25.00
12-31-01	995	County Treasurer	768.95
12-31-01	996	Department Conservation	79.00
12-31-01	997	Safety Responsibility Division	19.50
12-31-01	998	W. Boyd	3.00
12-31-01	999	Daily Chronicle	66.00
Total Outstanding Checks 12-31-01			<u><b>\$ 1,011.45</b></u>

#### PREPARE MONTHLY FINANCIAL REPORT

Upon properly closing the books as of the last day of each month and when depository and record balances have been reconciled, the monthly financial report will be prepared in accordance with the requirements of IC 33-32-3-6.

## CONTENTS OF REPORT

The report will show as of the close of business on the last day of the preceding month: The balance, if any, of fees payable to the county; fees payable to the state, fees payable to cities or towns, trust funds including support; the total of the balances of all fees and funds; the record balance of money in each depository at the end of the month; cash in the office at the close of the last day of the month; any other items for which the clerk is entitled to credit; the total amount of cash in each depository at the close of business on the last day of the month; total outstanding checks at the end of the month and unpaid by the depositories.

## FORM OF REPORTS

Prescribed Form 46CR will be used. The clerk will order the forms, at county expense, from the printer holding the contract for this class of printing.

They are to be in quadruplicate, size 8 1/2 x 11 inches, printed on white, goldenrod, pink and canary colored paper and padded so that each set of four sheets will be in the same color order as listed above.

## PREPARATION OF REPORT

The report shall be prepared in quadruplicate not later than the twenty-fifth day of each month and verified by the certificate of the clerk.

When financial records have been properly kept and are in balance at the close of business as of the last day of the month and all reconcilements have been made, the report may be prepared without difficulty from the daily balance and cash statement record and from workpapers used to reconcile depository balances with the record balance.

## FILING REPORT

The white colored copy will be retained by the clerk and the canary, goldenrod and pink forms will be filed with the county auditor.

The auditor will file the canary report with the county board of finance, the pink copy with the board of commissioners and the goldenrod copy will be mailed to the State Board of Accounts.

After the financial records have been closed at the end of the month, fees reported to the auditor and paid into the county treasury, trust and depository balances reconciled with the record balance and the monthly financial report filed with the auditor, the clerk should review:

- (a) The schedule of outstanding checks;
- (b) Trust items that can be disbursed; and
- (c) Cash cost bonds that can be applied to accrued cost in causes finally adjudicated.

UNCLAIMED OR RETURNED OUTSTANDING CHECKS

The clerk should never allow checks to remain outstanding for an unreasonable length of time. Checks mailed and returned because of inability of delivery to the payee should be receipted to the cash book as an item of trust and reinstated in the register of trust in the name of the payee. The clerk should write a receipt to himself or herself for the unclaimed check and deposit it in the designated depository the same as receiving money from any other person. The check should be endorsed:

FOR DEPOSIT ONLY  
NOT USED FOR PURPOSE INTENDED

CLERK OF CIRCUIT COURT

If the payee does not thereafter claim his money and the money is not related to child support, such amount must be held in trust for five years and paid over to the Attorney General pursuant to the requirements of IC 32-34-3. All money related to child support that remains in the office of the clerk should be posted in the ISETS System. Child support monies that are not claimed should not be posed to Trust. All money related to child support that remains in the office of the clerk for a period of five years after being distributable without being claimed shall be collected by the Attorney General.

OLD OUTSTANDING CHECKS NOT RETURNED

In order to eliminate old outstanding checks from the records, perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. If the check was for child support, follow the procedures established to enter the check into ISETS. For all other checks, enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register or ISETS, the original check numbers will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust or on ISETS. If the checks are not old enough to be collected by the Attorney General they should be held until the proper time period has elapsed.

The entry in the cash book, for non-child support outstanding checks, should be:

"Old Outstanding Check No. \_\_\_\_\_ issued \_\_\_\_\_ (date) \_\_\_\_\_, to \_\_\_\_\_  
(Name) \_\_\_\_\_," and extend the amounts to the total and trust fund columns.

TRUST ITEM

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-3. They should not be allowed to accumulate beyond the proper time period for remittance to the Attorney General.



Clerks should pay particular attention to costs collected and due other counties. These costs should be remitted the same day they are collected. Costs due other counties or due other offices in the local county should never be allowed to accumulate. Such costs include those due city and town courts, other circuit or superior courts, recorder and auditor fees.

#### TRUST ITEMS - APPLIED TO COSTS

When any item of trust is to be applied to the costs of an action or are to be applied to a forfeiture, the clerk should:

1. Write a check payable to the clerk from trust the same as if disbursing money to any other person. The check should read:

"Clerk Circuit Courts - For Costs"

Post the check to the cash book and the register of trust as a trust disbursement.

2. Immediately write a receipt to the clerk the same as if any other person paid costs and distribute the amount of the check to the proper cost items. Post the receipt to the cash book and make distribution to the proper columns. Include the check in the receipts for the day and deposit it with the day's receipts.

#### TRAFFIC VIOLATIONS BUREAU - USE OF CREDIT CARD

IC 34-28-5-10 permits courts to establish a traffic violations bureau and in regard to the operation of the traffic violations bureau states in part:

"A court may permit a person to utilize a credit card issued by a financial institution for the purpose of paying a court cost and judgment with respect to a traffic violation that is enforced under this chapter. . . . The county fiscal body must appropriate the funds to cover the costs of applicable credit card service charges before a court may permit the use of the credit card under this subsection."

In those counties where a traffic violations bureau has been established or shall hereafter be established, if the court elects to permit a person to utilize a credit card issued by a financial institution to pay the court costs and infraction judgment in connection with a traffic violation, it will be necessary to request and obtain an additional appropriation from the county council to cover the costs of the applicable credit card service charges.

If the court elects to permit a person to utilize a credit card, the following procedures are to be followed:

1. All credit card invoices are to be listed on a special deposit slip and deposited daily as cash is deposited.
2. The credit card service charge is to be deducted from the amount deposited.
3. At the end of each month a claim should be filed with the county auditor for the service charge which was deducted from the amount deposited. It is recommended that a copy of the transaction analysis statement showing the service charges deducted be retained and attached to the claim filed with the county auditor at the end of the month as documentation of the amount claimed.

4. Each infraction judgment and costs paid by credit card must be entered in the Traffic Violations Bureau Record of Payments by Credit Card, Form No. 148.
5. The amount of credit card service charges which have not yet been reimbursed by the county auditor will affect the monthly bank reconcilements and will be shown in a manner similar to the following:

Balance First National Bank	\$ xx,xxx.xx
Add:	
Deposits in Transit	xxx.xx
Cash on Hand	xxx.xx
Credit Card Service Charges	
For Month of _____ (Not Yet Reimbursed by County)	xx.xx
Investments on Hand	xx,xxx.xx

Total

Deduct Outstanding Checks

Net Depository Balance

Add Cash Short

Deduct Cash Long

Record Balance

IC 5-13-6 requires the clerk of the circuit court to deposit all fees and funds in his custody in a designated depository, including credit card receipts.

1. All payments made by credit card for infraction judgments and costs shall be entered in this record.
2. At the end of each day the amounts entered shall be totaled and the month to date totals shall be footed in the record at the close of each days' business.
3. The total in the column headed "Amount of Credit Card Service Charge" will be the amount for which claim is filed with the county auditor for payment from the County General Fund.